



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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July 7, 1980

The Honorable James M. Hanley  
Chairman, Committee on Post  
Office and Civil Service  
House of Representatives

Dear Mr. Chairman:

Your letter of May 1, 1980, requested our views and comments on H.R. 7086. This bill would amend section 5305(c) of title 5, United States Code, to provide that (1) the authority of the President to submit any alternative plan for pay comparability adjustments be available only if general wage guidelines or controls are in effect and (2) the overall percentage of any pay adjustment proposed under any such alternative plan be not less than the pay adjustment generally permitted under the general wage guidelines or controls or, if various pay adjustments are permitted, the median of such adjustments.

We support the intent of H.R. 7086, to limit the President's use of alternative plans. In fact, the thrust of this bill is very similar to suggestions we made in our November 13, 1979, report, "Determining Federal Compensation: Changes Needed to Make the Processes More Equitable and Credible," FPCD-80-17. A copy of the report is enclosed.

ALTERNATIVE PLAN AUTHORITY

As you know, section 5305(c) as presently enacted allows the President to propose an alternative plan if he believes that the comparability adjustment is not warranted because of "national emergency or economic conditions affecting the general welfare." Since 1970, Presidents have proposed alternative plans for 6 of 10 annual adjustments. On three of these occasions, the Congress rejected the alternative plan.

We believe it was the Congress' intention that alternative plans were to be used only as a "safety valve" in extraordinary circumstances. We are concerned, however,

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that frequent Presidential use of alternative plans has threatened the viability of the comparability principle. Therefore, we feel that restrictions on the President's alternative plan authority are needed to assure more effective operation of the comparability principle.

In this connection, in our November 1979 report, we recommended that the Congress amend the Federal Pay Comparability Act of 1970 to limit the President's authority to propose alternative plans to insure that they will be submitted only in situations which are more indicative of national emergencies or economic conditions affecting the general welfare than has been the case in the past. We suggested a number of options for accomplishing this recommendation. One option, which is somewhat similar to H.R. 7086, would:

"Require the President to demonstrate how the plan contributes to remedying the national emergency or severe economic conditions and to insure that Federal employees are treated consistently with private sector employees."

The Advisory Committee on Federal Pay has also expressed concern over the frequent use of the alternative plan authority. In a 1979 report, the Advisory Committee stated that:

"While the President has authority to depart from comparability in periods of national economic emergency, the frequency of alternative plan efforts has (a) raised questions about the future of comparability and has greatly reduced the element of automaticity in the system; (b) reinforced the public's belief that the system is wrong; and (c) encouraged Federal employees to distrust the system and caused unions to try to replace it by one that could prove to be very costly."

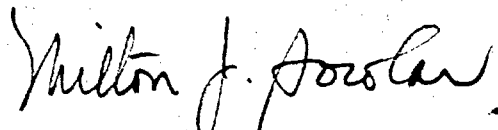
#### TECHNICAL CONSIDERATIONS

In your consideration of H.R. 7086, there are some technical changes we would like to suggest. Specifically, there are errors in subsection 1(b) of the bill, beginning on line 11 of page 3, and this subsection should be deleted for the following reasons. First, section 5303(c)(4) should be section 5305(c)(4). Second, section 5305(c)(4), as

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redesignated by subsection 1(a) of the bill, is correct in its reference to paragraph (1), the paragraph authorizing alternative plans, and the reference should not be changed to paragraph (4).

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Milton J. Fowler". The signature is written in a cursive style with a large initial "M".

Acting Comptroller General  
of the United States

Enclosure